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Proposition for a  
COUNCIL REGULATION (EEC)

amending Council Regulations (EEC) Nos 2052/69, 1703/72 and  
2681/74 on the Community financing of expenditure result-  
ing from the supply of agricultural products as food aid

(submitted to the Council by the Commission)



## EXPLANATORY MEMORANDUM

Subject: Draft Council Regulation amending Regulations (EEC)  
Nos 2052/69 1703/72 of and  
2681/74 on the Community financing of  
expenditure incurred in respect of the supply of agricultural  
products as food aid

1. Council Regulations (EEC) Nos 2052/69, 1703/72 and 2681/74 on the financing of food aid are based on the distinction between the value of food aid calculated at the world price level and the amount corresponding to the export refund.

This distinction entails two entries in the Budget, one under Title 9 (Chapter on 'Food aid expenditure') for the value at the world price level and the other under the Guarantee Section of the European Agricultural Guidance and Guarantee Fund for the refund.

2. Experience has shown that the application of this accounting method has the following disadvantages as regards the management of appropriations:
  - the need for the paying authorities of Member States to draw an artificial distinction between refunds and other expenditure on the implementation of an operation, thus creating a source of confusion and error;
  - complex administrative work for the Commission staff;
  - the need to transfer appropriations during the financial year between the Guarantee Section of the EAGGF and food aid, depending on the rates of the refunds, which often vary.

Furthermore, as the EEC's agricultural products are given at the Community's internal prices, the total cost of the food aid policy corresponds to those prices.

3. In order to alleviate these drawbacks, it is proposed that the cost of food aid at Community level should be indicated in the Budget only in the Chapter on 'Food aid expenditure', thereby eliminating the need to enter the amount corresponding to the export refunds. However, since it is necessary to know, and also to inform to various international agencies, the value of food aid at world prices, this will be indicated in the commentaries to the budget. Similarly it will be possible to give for information purposes the value corresponding to the export subsidies, since in the absence of surplus disposal by way of gift it would be necessary to find additional outlets inside or outside the EEC, and in the latter case to provide for corresponding appropriation within the EAGGF.

Given the general scope of Council Regulation (EEC) N° 2631/74, it would have been possible to repeal Regulations (EEC) N°s 2052/69 and 1703/72 for the sake of simplicity if it had not been for the need to maintain the ad hoc refund provided for in those Regulations for national aid transactions.

4. This proposal has no financial repercussions on the EEC Budget, but will produce a change in presentation. It will result in an increase in the appropriations of the Chapter on food aid estimated at about 310 M u.a. under the 1978 Budget and a corresponding decrease in the appropriations of the Guarantee Section of the EAGGF for refunds.

It is consequently appropriate to adjust certain provisions of the three Regulations in question, such an adjustment is proposed in this draft Council Regulation amending Council Regulations (EEC) N°s 2052/69 of 13 October 1969, 1703/72 of 3 August 1972 and 2681/74 of 21 October 1974 on the Community financing of expenditure incurred in respect of the supply of agricultural products as food aid.

Proposition for a

COUNCIL REGULATION (EEC) N°

/

of

amending

Regulations (EEC)

Nos 2052/69

. 1703/72

and 2681/74

on the Community financing

of expenditure resulting from

the supply of agricultural products

as food aid

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,  
and in particular Articles 43 and 209 thereof,

Having regard to the proposal from the Commission,

Having regard to the Opinion of the European Parliament,

Whereas the Community grants food aid to developing or disaster-stricken  
countries and guarantees the financing thereof;

Whereas under present rules the part of this expenditure which relates to export  
refunds is financed by the Guarantee Section of the European Agricultural Guidance and  
Guarantee Fund and the remainder is financed under Title 9 (Chapter on  
'Food aid expenditure');

Whereas experience has shown that such a distinction involves several  
disadvantages in the management of appropriations of the Community  
Budget;

Whereas the entire cost of food aid should consequently be charged solely to  
Title 9 (Chapter on 'Food aid expenditure');

Whereas it is therefore necessary to amend various provisions of Council Regulation (EEC) No 2052/69 of 17 October 1969 on the Community financing of expenditure arising from the implementation of the Food Aid Convention<sup>1</sup>, Council Regulation (EEC) No 1703/72 of 3 August 1972 amending Regulation (EEC) No 2052/69 on the Community financing of expenditure arising from the implementation of the Food Aid Convention of 1967 and laying down rules for the Community financing of expenditure arising from the implementation of the Food Aid Convention of 1971<sup>2</sup>, and Council Regulation (EEC) No 2681/74 of 21 October 1974 on the Community financing of expenditure incurred in respect of the supply of agricultural products as food aid<sup>3</sup>,  
HAS ADOPTED THIS REGULATION:

#### Article 1

Article 1 (1) of Regulation (EEC) No 2052/69 is hereby amended to read as follows:

"In respect of national transactions carried out in implementation of the Food Aid Convention, that part of the expenditure corresponding to the refund on exports to third countries, less costs incurred after the port of loading, shall be eligible for financing by the Guarantee Section of the European Agricultural Guidance and Guarantee Fund".

#### Article 2

The first subparagraph and subparagraph (a) of Article 4(1) of Regulation (EEC) No 2052/69 are hereby amended to read as follows:

"Expenditure relating to Community transactions arising from the implementation of the Food Aid Convention shall be financed by the Community under Title 9 (Chapter on 'Food aid expenditure') and, in pursuance of the Decisions taken by the Community institutions, shall include:

(a) the value of the goods at the port of loading; "

1 OJ No L 263, 21.10.1969, p. 6

2 OJ No L 180, 8.8.1972, p. 1

3 OJ No L 288, 25.10.1974, p.1

### Article 3

Article 6 (1) of Regulation (EEC) No 1703/72 is hereby amended to read as follows:

"For national measures taken under the Food Aid Convention of 1971 for which products procured in the Community were used, the Guarantee Section of the Fund shall finance that part of the expenditure which corresponds to the refund on exports to third countries, less costs incurred after the port of loading.

Rules for the application of this paragraph shall be adopted in accordance with the procedure laid down in Article 13 of Regulation (EEC) No 729/70".

### Article 4

The first subparagraph and subparagraph (a) of Article 8 (1) of Regulation (EEC) No 1703/72 are hereby amended to read as follows:

"For Community measures under the Food Aid Convention of 1971 taken pursuant to Decisions adopted by the institutions of the Community:

- (a) the Community shall provide finance to the value, at the port of loading or equivalent stage, of the cereals or rice, whether in the natural state or processed or, where the goods are procured on the world market, to the value resulting from the purchase price with the addition if necessary of any necessary expenses relating thereto.

### Article 5

The following paragraph is hereby added to Article 1 of Regulation (EEC) No 2681/74: "This expenditure shall be charged to Title 9 (Chapter on 'Food aid expenditure')."

Article 6

Article 2 of Regulation (EEC) N° 2681/74 is hereby repealed.

Article 7

This Regulation shall enter into force on the third day following its publication in the Official Journal of the European Communities.  
It shall apply with effect from 1 January 1978.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Council  
The President